

November 25, 2016

ATCO REACHES AGREEMENT WITH THE GOVERNMENT OF ALBERTA ON COAL TRANSITION

CALGARY, Alberta – ATCO Ltd. (TSX: ACO.X, ACO.Y)

Yesterday, ATCO entered into an agreement with the Government of Alberta (the Government) on transition payments for the elimination of coal-fired emissions from the Sheerness Generating Station (Sheerness) on or before December 31, 2030. ATCO has also agreed to work with the Government on the conversion of coal-fired generation to natural gas, the exploration of hydro generation, and the development of Alberta's new capacity market.

"We are supportive of initiatives to transition the province to cleaner sources of electricity and will continue working with all levels of government on the many interrelated components of Alberta's electricity system," said Siegfried Kiefer, Chief Strategy Officer, ATCO Ltd. & Canadian Utilities Limited and President, Canadian Utilities Limited. "Our focus remains on ensuring these measures support affordable, reliable and sustainable energy for all Albertans."

As compensation for the capital invested in Sheerness, ATCO will receive cash payments from the Government of \$4.7 million annually for 14 years, commencing in 2017 and terminating in 2030. Sheerness Units 1 and 2 were otherwise scheduled to retire in 2036 and 2040, respectively.

In the near-term, ATCO will assess the economic viability of converting some of its coal-fired electricity generation to natural gas. In addition, ATCO will work alongside the Government in exploring the potential of hydroelectric power as a means to provide reliable, emissions-free baseload generation in the province. Hydro, as the only form of renewable energy generation with dispatch control, is an optimal solution to replace coal-fired generation while supporting the reliability and sustainability of Alberta's grid.

ATCO will also work closely with the Government in the development of Alberta's capacity market to ensure equitable treatment and a level playing field for both existing and new electricity generation.

With approximately 7,000 employees and assets of \$20 billion, ATCO is a diversified global corporation delivering service excellence and innovative business solutions in Structures & Logistics (workforce housing, innovative modular facilities, construction, site support services, and logistics and operations management); Electricity (electricity generation, transmission, and distribution); Pipelines & Liquids (natural gas transmission, distribution and infrastructure development, energy storage, and industrial water solutions); and Retail Energy (electricity and natural gas retail sales). More information can be found at www.ATCO.com.



News Release

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Forward-Looking Information:

Certain statements contained in this news release may constitute forward-looking information. Forward-looking information is often, but not always, identified by the use of words such as "anticipate", "plan", "estimate", "expect", "may", "will", "intend", "should", and similar expressions.

Forward-looking information involves known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking information.

The Company's actual results could differ materially from those anticipated in this forward-looking information as a result of regulatory decisions, competitive factors in the industries in which the Company operates, prevailing economic conditions, and other factors, many of which are beyond the control of the Company.

The Company believes that the expectations reflected in the forward-looking information are reasonable, but no assurance can be given that these expectations will prove to be correct and such forward-looking information should not be unduly relied upon.

Any forward-looking information contained in this news release represents the Company's expectations as of the date hereof, and is subject to change after such date. The Company disclaims any intention or obligation to update or revise any forward-looking information whether as a result of new information, future events or otherwise, except as required by applicable securities legislation.